

## Message Text

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11

ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 PA-02 PRS-01 USIA-15 /107 W

----- 109565

R 310936Z JAN 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7718

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS TOKYO 1356

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: TOKYO FOREX MARKET DEVELOPMENTS

REF: TOKYO 1035

1. SUMMARY: TOKYO FOREX MARKET OPENED WEEK OF JAN 27-31  
WITH DOLLAR WEAKENING ABRUPTLY IN RELATIVELY CALM MARKET WHICH  
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ATTRIBUTED TO DOLLAR'S WEAKNESS IN EUROPE. BY WEDNESDAY

PREVIOUS LOSS HAD BEEN FULLY RECOVERED, BUT DOLLAR WEAKENED SLIGHTLY IN REMAINDER OF WEEK. IN FORWARD MARKET DOLLAR REMAINED AT SLIGHT PREMIUM. END SUMMARY.

2. FOLLOWING ABRUPT WEAKENING OF DOLLAR ON TOKYO FOREX MARKET JAN 23-24 (REPORTED REFTEL) DOLLAR CONTINUED DECLINE EARLY PART OF FOLLOWING WEEK. ON MONDAY, JAN 27, CENTRAL SPOT RATE OF 295.10 WAS WEEK'S LOW BUT DOLLAR RALLIED SHARPLY TO 298.50 ON WEDNESDAY BEFORE CLOSING WEEK SOMEWHAT LOWER AT 297.85 YEN/DOL, (ALMOST YHSAME AS FRIDAY OF PREVIOUS WEEK.)

3. DEVELOPMENTSHEARLY THIS WEEK REFLECTED REPORTS OF CINTINUED YEN PURCHASES ON NEW YORK MARKET BY NON-JAPANESE BANKS.. THIS WAS NOTED BY BOJ OFFICIAL AS CHANGE FROM TOKYO FOREX MARKET'S NORMAL ISOLATION FROM OTHER MAJOR CURRENCY MARKETS. TOKYO CONTINUED TO FOLLOW NEW YORK-EUROPE LEAD ON WEDNESDAY AS DOLLAR STRENGTHENED. NEAR END OF WEEK TOKYO MARKET RESUMED RELATIVELY INDEPENDENT DEVELOPMENT. DOLLAR DECLINED IN MODERATELY ACTIVE TRADING TO 297.20 YEN/DOL ON THURSDAY BUT RECOVERED TO 297.85 YEN/DOL FRIDAY IN A CALM MARKET.

4. SLIGHT STRENGTHENING OF YEN DURING LAST TEN DAYS OF JANUARY REFLECTS NOT ONLY WEAKNESS OF DOLLAR ON INTER-NATIONAL MARKETS BUT ALSO SOMEWHAT RENEWED CONFIDENCE ABOUT JAPAN'S TRADE PROSPECTS AMONG TOKYO TRADING COMMUNITY. NEVERTHELESS, LACK OF SIGNIFICANT DIVERGENCE BETWEEN SPOT AND FORWARD RATES INDICATES THAT NO MAJOR REALIGNMENT OF YEN/DOL RATE IS EXPECTED BY TOKYO FOREX MARKET PARTICIPANTS. FINMIN OHIRA STATED ON TV THAT FOR TIME BEING FOREX RATE WILL REMAIN STABLE AT AROUND THE 300 YEN/DOL LEVEL, DURING MORNING APPEARANCE ON EDUCATIONAL CHANNEL JAN 30, AT WHICH HE DISCUSSED CURRENT ECONOMIC SITUATION AND MOF ANTI-INFLATIONARY POLICY.

5. FOLLOWING ARE DATA FOR SPOT AND FORWARD DOLLAR RATES AND VOLUMES DURING PAST WEEK:

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	CENTRAL SPOT RATE (YEN/DOL)	FORWARD DOLLARS (PREMIA IN PCT. 0.A.)		SPOT VOL (MIL DOL)
		3-MO	6-MO	
JAN 27	295.10	2.03	0.47	85.0
28	296.40	0.13	1.15	71.7
29	298.50	MINUS 0.67	MINUS 0.50	71.9
30	297.20	1.08	0.74	97.3
31	297.85	0.47	0.42	76.1

WEEKLY FWD VOLUME WAS \$415 MIL AND SWAP VOLUME \$475 MIL.  
HODGSON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN EXCHANGE DATA  
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**Copy:** SINGLE  
**Draft Date:** 31 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
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**Reference:** 75 TOKYO 1035  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** buchant0  
**Review Comment:** n/a  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14 OCT 2003 by buchant0>; APPROVED <31 DEC 2003 by buchant0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** TOKYO FOREX MARKET DEVELOPMENTS  
**TAGS:** EFIN, JA  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006